

Message Text

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ORIGIN SS-15

INFO OCT-01 CCO-00 RSC-01 FILE-01 SSO-00 ADP-00 /018 R

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DRAFTED BY: S/ S- O: RWRIGHT

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FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANEIRO IMMEDIATE

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TOSEC 181

FOR CASEY

FOLLOWING TELEGRAM SENT ACTION SECSTATE INFO BONN BRUSSELS UNN
COPENHAGEN DUBLIN THE HAGUE LONDON LUXEMBOURG PARIS ROME GENEVA
OECD PARIS FROM EC BRUSSELS 18 MAY REPEATED

QTE EC BRUSSELS 2789

PASS AGRICULTURE

E. O. 11652: N/ A

TAGS: EAGR FEC

SUBJECT: DISAGREEMENT AND CONFUSION OVER THE INTENDED REVIEW
OF THE CAP

REF: EC BRUSSELS 1598

1. SUMMARY. IN MARCH THE EC COMMISSION ANNOUNCED IN AN
AMBIGUOUSLY
WORDED STATEMENT ITS INTENTION TO REVIEW THE CAP. CONSIDERABLE CON-
FUSION HAS SUBSEQUENTLY ARISEN OVER THE PURPOSES OF THIS
REVIEW AND WHETHER OR NOT THE COUNCIL HAS AGREED TO IT. THE
COMMISSION MEANWHILE IS PROCEEDING WITH ITS PLANS TO CARRY
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OUT ITS REVIEW AND TO PRESENT A REPORT TO THE COUNCIL IN OCTOBER.
END SUMMARY.

2. WHEN THE COMMISSION PRESENTED ITS 1973/74 CAP PRICE PROPOSALS TO THE COUNCIL IN MARCH (REFTEL), IT ANNOUNCED ITS INTENTION TO QUOTE CARRY OUR AN IN- DEPTH EXAMINATION OF THE PROBLEMS (OF THE CAP) AND DECIDE WHETHER IT IS EXPEDIENT TO INTRODUCE SUPPLEMENTARY MEASURES WHICH WOULD ALLOW A REASONABLE AND APPROPRIATE INCREASE IN AGRICULTURAL INCOMES WITHOUT CAUSING THE MARKET SITUATION TO DETERIORATE UNQUOTE . THE COMMISSION INVITED THE COUNCIL TO ARRANGE FOR A DISCUSSION IN OCTOBER ON THIS REVIEW OF THE CAP.

3. SUBSEQUENTLY, THERE HAS BEEN CONSIDERABLE CONFUSION AND SOME DISAGREEMENT AMONG THE AGRICULTURAL MINISTERS AS TO THE PURPOSES OF THE CAP REVIEW AND WHO WILL PARTICIPATE. THIS HAS BEEN REFLECTED IN THE PRESS. LARDINOIS REPORTEDLY HAS NOT HELPED TO CLEAR THE AIR BY HIS VAGUE STATEMENTS ON THE INTENTIONS OF THE COMMISSION -- - ALTHOUGH HIS VAGUENESS APPEARS PURPOSEFUL IN LARGE PART IN ORDER TO AVOID A PREMATURE FREEZING ON POSITIONS WITHIN THE COMMISSION OR THROUGHOUT THE COMMUNITY.

4. ACCORDING TO PERM REP SOURCES, THE CONFUSION AMONG THE AGRICULTURAL MINISTERS FIRST AROSE IN THE MARATHON MEETING IN LUXEMBOURG WHICH ENDED MAY 2. DURING THAT MEETINV THE MINISTERS AGREED THAT " IN THE NEAR FUTURE" THEY WOULD MEET IN JOINT SESSION WITH THE FINANCE MINISTERS TO DISCUSS THE " RETURN TO THE UNITY OF MARKETS" -- (I. E., RE- ESTABLISHMENT OF A SINGLE PRICE SYSTEM AND THE ELIMINATION OF MONETARY COMPENSATORY AMOUNTS).

5. ACCORDING TO SEVERAL NON- GERMAN PERM REP SOURCES, ERTL, THE GERMAN MINISTER, CLAIMS THAT IN ONE OF THE HIGHLY RESTRICTED SESSIONS DURING THE LUXEMBOURG MEETING THE COUNCIL ALSO AGREED, IN PRINCIPLE, ON HAVING A FUNDAMENTAL REVIEW OF THE CAP. THE BRITISH, WHO AT LEAST PUBLICLY ATTACH GREAT IMPORTANCE TO SUCH A REVIEW , TEND TO SUPPORT ERTL ON THIS AGREEMENT.

6. CHIRAC, THE FRENCH MINISTER, SAYS THAT THE ONLY AGREE-
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MENT REACHED IN THAT COUNCIL MEETING CONCERNED THE UNITY OF MARKETS AND THAT ANY OTHER TYPE OF REVIEW WASN' T EVEN DISCUSSED. WE ARE TOLD THAT NO MINUTES EXIST OF THE RESTRICTED SESSION AND -- FOR THE MOMENT AT LEAST -- THE OTHER AGRICULTURAL MINISTERS ARE FOR THE MOST PART NOT COMMITTING THEMSELVES ONE WAY OR THE OTHER.

7. IN THIS WEEK' S MEETING OF THE COUNCIL OF AGRICULTURAL
MINISTERS, LARDINOIS AGAIN MENTIONED HIS INTENTION TO HAVE
A REVIEW OF THE CAP. THIS REVIEW, HE SAID, WOULD NOT TOUCH
ON THE " PRIN

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